to pay various miscellaneous claims against the State, and declaring an emergency,"

Have had the same under consideration, and I am instructed to report it back to the Senate with the recommendation that it do pass, with the following amendments:

(1)

Amend by inserting after the word "State," in line — of the caption the following: "Authorizing the payment of said miscellaneous items upon the taking effect of this act."

(2)

Amend by striking out all after the enacting clause and insert the following: "We also recommend that neither the bill nor the amendments be printed in the Journal nor otherwise."

WILLACY, Chairman.

Committee Room,
Austin, Texas, May 3, 1909.

Hon. A. B. Davidson, President of the Senate.

Sir: Your Committee on Engrossed Bills have carefully examined and compared

Senate bill No. 18, A bill to be entitled "An Act concerning surety companies authorized to transact business in this State and their agents, and to permit such companies and such agents to form an association for the purpose of gathering statistics, exchanging experiences and ascertaining the fair and reasonable rates to be paid them for their suretyship, and to maintain such rates, and to prevent losses, arising from dishonesty or dereliction of duty of public officers, trustees and others, and to prevent discriminations, favoritism or rebates, and declaring an emergency,"

And find the same correctly engrossed.

WARD, Chairman.

Committee Room,
Austin, Texas, May 4, 1909.

Hon. A. B. Davidson, President of the Senate.

Sir: Your Committee on Engrossed Bills have carefully examined and compared

Senate bill No. 41, A bill to be entitled "An Act to amend Section 1, Chapter 132 of the Acts of the Twenty-ninth Legislature, so as to permit the owners of land or lots sold to the State or to any city or town for taxes to redeem the same, with an emergency,"

And find the same correctly engrossed.

WARD, Chairman.

Committee Room,
Austin, Texas, May 4, 1909.

Hon. A. B. Davidson, President of the Senate.

Sir: Your Committee on Engrossed Bills have carefully examined and compared

Senate bill No. 42, A bill to be entitled "An Act to amend Article 486, Chapter 5, Title 18 of the Revised Statutes of 1895, authorizing cities and towns to issue bonds and levy taxes in payment therefor; repealing all laws and parts of laws in conflict herewith, and declaring an emergency,"

And find the same correctly engrossed.

WARD, Chairman.

SEVENTEENTH DAY.

Senate Chamber,
Austin, Texas,
Wednesday, May 5, 1909

Senate met pursuant to adjournment, Lieutenant Governor A. B. Davidson presiding.

The roll was called, a quorum being present, the following Senators answering to their names:

Adams.	Paulus.
Alexander.	Peeler.
Brachfield.	Perkins.
Bryan.	Real.
Cofer.	Senter.
Greer.	Stokes.
Harper.	Sturgeon.
Hayter.	Terrell of Bowie.
Holsey.	Terrell of McLennan.
Hudspeth.	Thomas.
Kellie.	Veale.
Masterson.	Ward.
Mayfield.	Watson.
Meachum.	Weinert.
Murray.	Willacy.

Absent.

Hume.

Prayer by the Chaplain, Rev. H. M. Sears.

Pending the reading of the Journal of yesterday, on motion of Senator Cofer, the same was dispensed with.

SIMPLE RESOLUTION.

By Senator Ward:

Whereas, It has pleased Almighty God, in His infinite love and wisdom, to call from time to eternity, Hon. W. H. Getzendaner; and,

Whereas, His life and has been one of usefulness, he having given part of his young life to the cause of Confederacy, and was a gallant and brave soldier, he having held many prominent positions in his county. He was in the year 1882 elected to the State Senate of the Tenth District composed then, as now, of Ellis, Hill and Johnson counties, and while Senator he was the author and advocate of many measures which he successfully had enacted into laws, which laws have redounded to the benefit and glory of this State and stand a monument to the author; and

Whereas, Texas has lost a true patriot, the church one of its purest and most spotless members; and the people of Ellis county one of its most valued and precious citizens; therefore, be it

Resolved, That this Senate extend to his family its sincere condolence and sympathy for the loss they have sustained and that a copy of these resolutions be spread upon the Journal of the Senate, and that a copy thereof be furnished the bereaved wife.

Ward, Willacy, Veale, Brachfield, Holsey, Hudspeth, Mayfield, Kellie, Harper, Meachum, Watson, Terrell of Bowie, Alexander, Paulus, Murray.

The resolution was read and unanimously adopted, on motion of Senator Ward.

Morning call concluded.

HOUSE BILL NO. 18.

Action recurred on House bill No. 18, as unfinished business and which was the general appropriation bill.

The question was on the pending amendment by Senator Hudspeth to the Public Buildings and Grounds Department.

Senator Hudspeth withdrew the amendment, and offered the following amendment to that department:

Amend the bill by striking out line 26, page 20, and insert in lieu thereof the following: "Tools and machinery, $500, year 1910, $200 for year 1911."

(President Pro Tem. Murray in the chair.)

Senator Willacy offered the following substitute for the amendment:

Substitute for amendment by adding to item "water, light, fuel and contingencies" the following: "And to purchase machinery."

The substitute for the amendment was adopted, as was also the amendment as substituted.

STATE PURCHASING AGENT.

Senator Weinert offered the following amendment:

Amend the bill, page 21, line 32, by striking out "$500" where it occurs and insert in lieu thereof "$800" for each year.

MURRAY,
WEINERT.

On motion of Senator Willacy, the amendment was tabled.

Adjutant General's Department—No amendments.

Public Printing—No amendments.

UNIVERSITY OF TEXAS.

Senator Hudspeth offered the following amendment:

Amend Senate substitute to House bill No. 18, page 26, line 25, by striking out "$230,000" for each year and inserting in lieu thereof "$270,000" for each year.

Signed—Hudspeth, Ward, Masterson, Murray, Hume, Kellie, Paulus, Senter, Adams, Perkins, Watson, Alexander and Peeler.

(Lieutenant Governor Davidson in the chair.)

HOUSE BILL NO. 75.

On motion of Senator Meachum, the pending order of business (House bill No. 18) was suspended, and the Senate took up, out of its order, House bill No. 75, by the following vote:

Yeas—24.

Alexander.	Murray.
Brachfield.	Peeler.
Bryan.	Perkins.
Harper.	Real.
Hayter.	Senter.
Holsey.	Sturgeon.
Hudspeth.	Terrell of Bowie.
Hume.	Veale.
Kellie.	Ward.
Masterson.	Watson.
Mayfield.	Weinert.
Meachum.	Willacy.

Absent.

Adams.	Stokes.
Cofer.	Terrell of McLennan.
Greer.	Thomas.
Paulus.	

On motion of Senator Meachum, the Senate rule requiring committee reports to lie over for one day was suspended,

for the purpose of considering this bill (see Appendix for committee report) by the following vote:

Yeas—24.

Adams.	Murray.
Alexander.	Peeler.
Brachfield.	Perkins.
Bryan.	Real.
Harper.	Senter.
Hayter.	Sturgeon.
Holsey.	Terrell of Bowie.
Hume.	Veale.
Kellie.	Ward.
Masterson.	Watson.
Mayfield.	Weinert.
Meachum.	Willacy.

Absent.

Cofer.	Stokes.
Greer.	Terrell of McLennan.
Hudspeth.	Thomas.
Paulus.	

The Chair laid before the Senate, on second reading,

House bill No. 75, A bill to be entitled "An Act creating the North Zulch Independent School District in Madison county, Texas; defining its metes and bounds; providing for a board of trustees therefor; vesting it with the rights and duties of districts incorporated for school purposes only under the general laws, and declaring an emergency."

The committee report, which provided that the bill be not printed, was adopted.

Bill read second time, and passed to a third reading.

On motion of Senator Meachum, the constitutional rule requiring bills to be read on three several days was suspended and the bill put on its third reading and final passage by the following vote:

Yeas—25.

Adams.	Murray.
Alexander.	Peeler.
Brachfield.	Perkins.
Bryan.	Real.
Harper.	Senter.
Hayter.	Sturgeon.
Holsey.	Terrell of Bowie.
Hudspeth.	Veale.
Hume.	Ward.
Kellie.	Watson.
Masterson.	Weinert.
Mayfield.	Willacy.
Meachum.	

Absent.

Cofer.	Greer.
Paulus.	Terrell of McLennan.
Stokes.	Thomas.

The bill was read third time, and passed by the following vote:

Yeas—25.

Adams.	Murray.
Alexander.	Peeler.
Brachfield.	Perkins.
Bryan.	Real.
Harper.	Senter.
Hayter.	Sturgeon.
Holsey.	Terrell of Bowie.
Hudspeth.	Veale.
Hume.	Ward.
Kellie.	Watson.
Masterson.	Weinert.
Mayfield.	Willacy.
Meachum.	

Absent.

Cofer.	Stokes.
Greer.	Terrell of McLennan.
Paulus.	Thomas.

Senator Meachum moved to reconsider the vote by which the bill was passed, and lay that motion on the table.

The motion to table prevailed.

RECESS.

On motion of Senator Holsey, the Senate recessed until 3 o'clock today.

AFTER RECESS.

The Senate was called to order by Lieutenant Governor Davidson, but was at ease for thirty minutes.

When the Senate was again called to order, on motion of Senator Kellie, the Senate recessed until 4 o'clock.

The Senate was called to order by Lieutenant Governor Davidson.

FIRST HOUSE MESSAGE.

Hall of the House of Representatives,
Austin, Texas, May 5, 1909.

Hon. A. B. Davidson, President of the Senate.

Sir: I am directed by the House to inform the Senate that the House has passed the following bills:

House bill No. 39, A bill to be entitled "An Act to confer authority upon the Railroad Commission of Texas to require railroad companies reaching the same city or town in this State to construct and maintain joint or union pas-

senger depots; providing penalties; and declaring an emergency."

House bill No. 78, A bill to be entitled "An Act to abolish the Alexander Independent School District in Erath county, Texas, and declaring an emergency."

House bill No. 45, A bill to be entitled "An Act to amend Article 2439 of Chapter 1, Title 45 of the Revised Statutes of the State of Texas of 1895, in reference to fees of office to be charged and collected by certain State officers, as amended by Chapter 91 of the General Laws of the Regular Session of the Twenty-ninth Legislature, as amended by Chapter 22 of the General Laws of the First Called Session of the Thirtieth Legislature, as amended by the First Called Session of the Thirty-first Legislature, relating to the fees charged by the Secretary of State for charters and permits, so as to fix and prescribe the fees of foreign loan companies, and foreign corporations to engage in the manufacture, sale, rental, lease or operation of all kinds of cars or to engage in conducting, operating or managing any telegraph lines in this State, for a permit to do business in Texas, so as to regulate the fees paid by such companies; and providing that said act shall not interfere with any suit now pending in the name of the State against foreign corporations; and repealing all laws and parts of laws in conflict with this act; and declaring an emergency."

Senate bill No. 17, A bill to be entitled "An Act to amend Article 642 of the Revised Civil Statutes of Texas, as amended by Chapter 130, Acts of the Twenty-fifth Legislature; Chapter 43, Acts of the Twenty-sixth Legislature; Chapter 43, Acts of the Twenty-seventh Legislature, and Chapter 129 of the Twenty-eighth Legislature; Chapter 62, Acts of the Twenty-ninth Legislature; Chapter 150, Acts of the Thirtieth Legislature, by amending Subdivision 61 thereof, and authorizing the formation of corporations for the construction and operation of interurban, electric, gas or gasoline, denatured alcohol, or naphtha motor railways, and declaring an emergency."

Senate bill No. 4, A bill to be entitled "An Act to create a State Banking Board; to define its powers and duties; to provide for a depositors' guaranty fund under the supervision of said board, and fixing the conditions and terms by which banks and trust companies may avail their depositors of the benefit of said fund; fixing the amounts to be paid for the creation of said fund and the manner and time of payments; fixing the manner of management and administration of said fund; authorizing certain advertising privileges to such banks, and providing a penalty for the unauthorized use of such advertising privileges; providing for savings departments for State banks and fixing penalties for the violation of this act, and declaring an emergency," with amendments.

House bill No. 32, A bill to be entitled "An Act to appropriate the sum of $100,000, or as much thereof as may be necessary, from the general revenues of the State to be used in operating the iron industry at the State penitentiary at Rusk, Texas; providing that such money shall be returned to the general revenues of the State within eighteen months out of any available funds of the penitentiary system of the State; providing that the Automatic Tax Board shall not take said appropriation into consideration in fixing the tax rate for the years 1909 and 1910; providing for the drawing of warrants therefor by the Comptroller and the payment of same by the State Treasurer, and declaring an emergency."

Respectfully,
BOB BARKER,
Chief Clerk, House of Representatives.

BILLS READ AND REFERRED.

The Chair (Lieutenant Governor Davidson) had referred, after their captions had been read, the following House bills (see above House message for caption of):

House bill No. 39, referred to Committee on Internal Improvements.

House bill No. 78, referred to Committee on Educational Affairs.

House bill No. 32, referred to Committee on State Penitentiaries.

House bill No. 45, referred to Committee on Judiciary No. 1.

HOUSE BILL NO. 18.

Action recurred on House bill No. 18, the question being on the amendment by Senator Hudspeth.

SENATE BILL NO. 4.

Pending discussion on the above amendment, Senator Watson asked if Senate bill No. 4, (just returned from the House, with amendments) would be considered this afternoon, whereupon Senator Meachum moved that unanimous

consent be given that no action be had on bill until tomorrow morning at the conclusion of the morning call.

Senator Alexander then called up

Senate bill No. 4, A bill to be entitled "An Act to create a State Banking Board; to define its powers and duties; to provide for a depositors' guaranty fund under the supervision of said board, and fixing the conditions and terms by which banks and trust companies may avail their depositors of the benefit of said fund; fixing the amounts to be paid for the creation of said fund and the manner and time of payments; fixing the manner of management and administration of said fund; authorizing certain advertising privileges to such banks, and providing a penalty for the unauthorized use of such advertising privileges; providing for savings departments for State banks and fixing penalties for the violation of this act, and declaring an emergency,"

And moved that the Senate do not concur in the House amendments, and ask a Free Conference Committee.

Senator Terrell of Bowie moved as a substitute that the Senate do concur in the House amendments to the bill.

Senator Terrell of McLennan made a point of order on the motion, contending that the bill being a substitute bill by the House for a Senate bill could not be considered in this way, but should be referred to a committee as though the bill was a House bill, citing Senate Rule 34 in support of his contentions, etc.

Pending.

Following is Rule 34, as referred to:

When the House of Representatives shall adopt and send to the Senate a substitute for a bill that had previously passed the Senate and been sent to the House, said substitute shall be acted upon by the Senate in the same manner as a bill that originated in the House of Representatives; and any amendment which is in effect a substitute shall be considered a substitute bill.

EXECUTIVE MESSAGE.

Executive Office,
State of Texas.

Austin, Texas, May 5, 1909.

To the Senate:

The advice and consent of the Senate is requested to the following appointment;

Hon. Walter Tips of Travis county to be a member of the Board of Penitentiary Commissioners, vice Hon. J. T. Mewshaw, resigned.

T. M. CAMPBELL,
Governor of Texas.

HOUSE BILL NO. 18.

Action recurred on House bill No. 18, the question being on the amendment by Senator Hudspeth.

(Senator Hume in the chair.)

REFUSE TO ADJOURN.

Senator Kellie moved that the Senate stand adjourned until 10 o'clock tomorrow.

The motion was lost by the following vote:

Yeas—12.

Bryan.	Meachum.
Harper.	Murray.
Hayter.	Paulus.
Hudspeth.	Peeler.
Hume.	Senter.
Kellie.	Thomas.

Nays—17.

Adams.	Real.
Alexander.	Stokes.
Brachfield.	Sturgeon.
Cofer.	Terrell of Bowie.
Greer.	Veale.
Holsey.	Ward.
Masterson.	Weinert.
Mayfield.	Willacy.
Perkins.	

Absent.

Watson.	Terrell of McLennan.

ADJOURNMENT.

Pending discussion,

On motion of Senator Mayfield, the Senate adjourned until 10 o'clock tomorrow.

APPENDIX.

REMARKS BY SENATOR SENTER ON BANK GUARANTY BILLS.

The following speech by Senator Senter, made in the Senate on April 24th, on a question of personal privilege, is printed by order of the Senate:

In a communication dated April 11, "A law providing for the guaranty of

addressed to the Legislature, Governor Campbell used the following language: deposits in State banks was demanded and the people mean it. The national platform and the State platform demand this legislation because the people demand it, and have the right to demand it. The depositors have asked for a bank guarantee law, not a bond law, with only the right to bring a suit. Such a plan as proposed is, I believe, a sham and a fraud and would liquidate every State bank in Texas, notwithstanding it may have the support of good men, who are themselves deceived as to the practicability of such a scheme. Those who believe that such a subterfuge can be justified before the people are deceiving themselves."

The communication from which I have quoted was sprinkled with epithets and coarse insinuations applied to the Legislature in connection with criticisms of its course in matters wherein it has differed with the Governor. As was pointed out at the time in a formal reply made by the Senate, this communication was without constitutional warrant and its place in the proceedings of this body is not as an authorized message from the Chief Executive of the State, but as a petulant and personal campaign circular interjected into our deliberations in order to give it the color of a State document.

The manifest purpose of this communication was to shake the Senate in its attitude on the subject of bank guaranty legislation. The Senate has made a fit reply to this extraordinary communication, reminding its author of the constitutional prerogatives which attach to each department of the State. Upon me a more unpleasant duty is enforced by the necessity of the occasion, created by the Governor's unjust and inaccurate statements. He was pleased to term the measure which I, as one of the authors, submitted to this body, "a sham and a fraud." A sham is something that pretends to be what it is not. A fraud is something worse, If I have attempted to palm off on the Legislature and the people of Texas a measure that purports to be what it is not, I am unworthy of their confidence and respect. If the Governor in his advocacy of the Cureton bill seeks to mislead the public into a belief that it is what it is not, he is unworthy of the confidence and respect of the people. The issue is squarely joined.

Touching the Governor's reference to the railroad lobby, it may interest the public to know that the defeat of the nine-juror bill and other measures openly and vigorously opposed by the railroads—all of which I supported—was due to the active opposition of several gentlemen who are foremost in support of the Cureton bill. I am far from impugning their motives, because I concede to them all sincerity of purpose. But inasmuch as this single fact exposes the utter insincerity of the Governor's references to the lobby as an influential factor here, I may be pardoned for referring to it.

THE DEMOCRATIC PLATFORM.

The kernel of the popular demand for protection for deposits in banks is thus aptly stated in the Democratic State platform, adopted at San Antonio last year:

"We favor the prompt establishment of a system under the supervision and control of the State for the guaranty for the deposits of State banks of Texas."

Elsewhere in the platform it is declared:

"We repudiate the charges that have been made that the Texas Legislature is unfriendly to capital, and we invite a comparison of our laws affecting capital, private or corporate, with the laws of other States on this subject. We declare the Democratic party of Texas to be one of progress, looking well to the material interests of the people, and in favor of an early and rapid development of the natural resources of the State. The party invites the investment of friendly capital by both individuals and corporations, and guarantees full and complete protection of all such investments."

The first plank should be considered in connection with the last plank here quoted because it is manifest from the latter that there was no thought in the minds of the framers of the platform that it would be used as a pretext to embark on a revolutionary program which would commit the State and the Democratic party to the principle of socialism, menace the industrial fabric at every point, and plunge every business interest into chaos.

A guaranty, according to Webster's definition of the term, is an undertaking to answer for the payment of a debt or performance of duty by another. According to the Democratic platform, faithfully interpreted, each State bank should be required to furnish, under the supervision and control of the State, a

guaranty by a solvent third party for the protection of its depositors. That is the length and breadth and width of the platform. Just that and nothing less and nothing more. The guaranty is to be provided "under the supervision and control of the State."

The platform as stated is a direct echo of the constitutional amendment under which the State banking system was established. Its first provision reads thus:

"The Legislature shall by general laws authorize the incorporation of corporate bodies with banking and discounting privileges, and shall provide for a system of State supervision, regulation and control of such bodies which shall adequately protect and secure the depositors and creditors thereof."

Adequate protection to the depositors, under a system of State supervision and control, is required by the Constitution. The platform suggests nothing new except that the protection shall be given under a guaranty. That could only be given by a third party, because a guaranty is an undertaking to answer for another. It has never meant anything else, and it must be presumed that the platform builders used the word to convey the only meaning it has ever had.

STATE DECEPTION BUT NOT STATE GUARANTY.

Before the Legislature assembled there was much discussion in the press of Texas as to the nature of the guaranty which should be required for bank deposits. Several writers advocated a State guaranty of deposits, upon the theory that this was a proper duty of the State as a matter of public and general concern. While this contention was freely made in the press, there were but few writers who followed it to the logical end and urged that the State should pledge its own credit for the return of bank deposits. The words "State guaranty" were used loosely, and many people seem to have thus received the idea that there was some sort of proposal pending for the State to become the guarantor of the banks. Much of the confusion of ideas that now exists upon the subject is due to careless expressions by writers in the press who have not taken the trouble to inform themselves as to the details of proposed legislation, but have rattled away from their rocking chairs in the clouds, declining to acquaint either themselves or the public with the facts, and assuming that knowledge sufficient for the settlement of one of the most perplexing and intricate problems that ever vexed the lawmakers of a State may be drawn from unceasing fountains of misinformation. Many persons who have given the subject but a hasty thought have been allured by the pretense of a State guaranty. Whatever support the Cureton bill has in public sentiment is derived from the notion that it promises a State guaranty. The demand for State responsibility is a growing one. Within reasonable bounds, it stands for progress and for the protection of the public interest. But mark well the limitations fixed by the Constitution and the Democratic platform: "Under the supervision and control of the State." No suggestion there that the State shall put in pawn a penny of its own funds for the redemption of the pledges of the banks.

The plan presented by Mr. Cureton and approved by the Governor and his Banking Commissioner, Mr. Love, does not in fact propose a State guaranty for bank deposits, but it does much worse, it falsely pretends to do so. It is not what it pretends to be. It is a sham and a fraud. It is a masterpiece of deception. That part of the public which is over-credulous believes that in some way the Cureton bill makes the State responsible for the payment of bank deposits. No more reprehensible deception was ever practiced or attempted to be practiced upon the people.

Any plan that relies upon deception for its main following is necessarily wrong in principle, false in economics, and will ultimately result in public disaster.

The advocates of the Cureton plan claim that it is a god-child of the Oklahoma plank, and it undoubtedly belongs to the same family of impostors. Since the adoption of the Oklahoma law, the metropolitan newspapers of other States, particularly the papers which are patronized by the wage-earning classes, have been filled with flaming advertisements by Oklahoma banks soliciting deposits upon the representation, artfully made, that the State of Oklahoma stands behind them. The literal reading of these advertisements, technically construed, might enable the writers to escape conviction upon a charge of obtaining money under false prentense, but under any standard of morality that is asserted by men claiming to be honest, those banks are receiving money under false pretense. They artfully convey the impression that the State of Oklahoma underwrites their certificates of deposit, intending to create that impression

without actually employing words to do so which would make them amenable to the criminal laws of the United States Government against using the mails for fraudulent purposes.

Do the people of Texas desire that their statute books should be prostituted to such base and mischievous ends?

Are we willing to lend the color of the authority of the great seal of the State to a legalized system of swindling which in the fullness of time will inevitably ripen into a scandal of world-wide magnitude?

No one here pretends to desire to make the State a guarantor of deposits in banks. Then ought we not to stand together in behalf of sound public morals and avow our exact purpose in whatever law may be enacted?

In his recent address before the Texas Legislature Mr. Bryan used this language. I wrote it down at the time:

"If you are going to sell a horse that is not sound, sell him without a written guaranty, because if you do give guaranty that he is sound and he turns out to be unsound, your guaranty will rise up to confound you."

That doctrine is a part of every platform upon which it is permissible for an honest man to stand. Written into the Democratic platform of Texas, it adds a proviso that the guaranty to be given under the supervision and control of the State shall be a guaranty of the repayment by the bank in which the depositor places his money of 100 cents upon the dollar of such deposits.

That doctrine forbids with stern emphasis the repetition here of the Oklahoma plan of false pretense—the representation that the State is behind deposits when it is not.

INSURANCE AFFORDS A REAL AND STABLE GUARANTY.

I accepted the Democratic platform in the letter and in the spirit. Before leaving my home in Dallas to attend upon the Regular Session of the Thirty-first Legislature, I set about to devise a plan consistent with our established social and industrial systems and with ancient Democratic principles to carry that platform into effect. To my mind—schooled in the tenets of democracy as expounded by Jackson and Calhoun and Benton and Jefferson Davis and Alexander Stephens and Ben Hill and L. Q. C. Lamar and Henry Watterson and the long line of illustrious statesmen who have under every stress of weather stood up against every onslaught of socialism and have taught that individualism is the tap root of democracy—the proposal to force all the banks into involuntary copartnership, and to make each by statutory decree the guarantor of all, was so repugnant to Democratic principle, so false, so delusive, so dangerous, that it should not be harbored for a single moment in any mind that professes adhesion to the Democratic faith. The only available plan was to require each bank to give adequate security for the return of its own deposits, and to provide that this should be done under the supervision and control of the State. This involved no departure from accepted political principles or from existing systems of business. Earnestly desiring to conform to the command of the Democratic platform and to respond to the just public sentiment which calls for adequate security for depositors, I endeavored to devise a plan whereby the banks should be required to insure deposits in solvent companies. It must be manifest, I think, to every mind which has given the subject any thought that the only solution of the problem lies in some form of insurance. To this end, before coming to Austin, I called upon Mr. Royal A. Ferris, who is connected with both a State and National bank in Dallas, and upon Mr. Sam P. Cochran of Dallas, who is prominently connected with the business of fire insurance, to know whether Texas capitalists would likely interest themselves in home companies organized to insure deposits in Texas banks if authority were given for the organization of such companies. To prudent, careful men of business the problem seemed a large one—although there are those among us who profess to be able to solve it without any knowledge of any phase of the subject, and without reading one section of any bill relating to it. These gentlemen promised to consider the matter, but I presume they reached no conclusion in their own minds because they never advised me of it. However, I did not abandon the idea that insurance offered the only real guaranty that could be given the depositor, and continued to agitate this plan within the scope of my own activities. In pursuance of this view on the 18th day of February last, I offered in the Senate an amendment to the bill then pending (Senate bill No. 154) relating to objects for which companies may be incorporated, which provided for the organization of companies to insure bank deposits and that they should have a paid up capital stock of not less than

$500,000. This amendment, which will be found on page 431 of the Senate Journal, was adopted, and it is my belief that it was the immediate cause of the veto of the bill by Governor Campbell. He scented in this amendment an opportunity for insurance of bank deposits, and not being willing to give that plan a chance, he vetoed the bill. It is true that he gave another reason. The bill contained a section repealing the present law which offers an unlimited field for the creation of compress and other trusts, and providing a drastic penalty for the organization of such trusts. The Governor referred his veto to this section, and factiously declared that he was opposed to the organization of trusts.

THE SENTER-HUME BILL.

In further pursuance of the idea that the system of insurance offers the only real solution for this vexatious problem, I joined in the production of what is known as the Senter-Hume bill. That measure, it is proper to say, represents the sober and well-considered judgment of several of the members of this Senate, men of business as well as legal experience, thoughtful, conservative, prudent men, who will not stand for any revolutionary program but who are sincerely and earnestly committed to the proposal to secure depositors to the uttermost. The politicians and the press behind the socialistic program have grossly misrepresented every feature of this measure. They have not dared to discuss it. As far as possible they have prevented a knowledge of its details from reaching the public. For the sake of historical accuracy, I give here a summary of its provisions.

1. It requires each banking corporation organized under the laws of Texas to execute and file annually a bond, policy of insurance or other form of guaranty in an amount equal to twice the amount of its capital stock for the protection of all depositors. The guaranty thus given shall be approved both by the county judge and the Superintendent of Banking.

2. It authorizes any national bank and any private bank to take the benefit of its provisions and to furnish the guaranty required from State banks if it elects to do so.

3. It provides that in the event the bank furnishing the guaranty shall make default, the guarantors shall be required to pay over at once for the benefit of depositors the amount of their obligations thus created, and in the case of corporation guarantors, makes such provision as to assure that this will usually be done. The effect of this would be that the guarantors of a defaulting bank would immediately take charge of and liquidate it with the best results to the public and to stockholders.

4. It provides that in the event the deposits of any State bank shall exceed five times its capital stock, it shall furnish additional security equal to the amount of such excess deposits.

These are the material provisions of the bill. The other provisions relate to details and to the mechanism, which is of the simplest nature.

Stated concisely, this measure extends to the general depositor the protection which the State requires under general law for State, county and municipal funds deposited in banks. A depository law was passed by the Twenty-ninth Legislature, was amended and perfected by the Thirtieth Legislature, and has worked well in operation. Under it no loss has been suffered. The last report of the State Treasurer shows that the State had deposited in banks under the provisions of this law about $1,500,000, for which it held approved security and upon which it was receiving interest amounting to about $50,000 annually. I have not at hand the reports which would show the volume of county and municipal funds on deposit in banks under this law, but it must be large. These public funds constitute a sacred trust. Is not the law which safeguards them and which is approved by the test of experience a wise and safe expedient for the general depositor?

PROVISO FOR IMMEDIATE PAYMENT.

The objection has been made to this measure that it does not provide for immediate repayment to the depositor. The reply is that it is the only measure pending before this Legislature which does contemplate the reimbursement of the depositor in cash as soon as a bank shall make default, and that makes provision to this end which will accomplish that result in most cases. It gives all assurance that the law can give for immediate cash payment. The provisions of the Cureton bill would never yield a dollar in cash in time of panic to a depositor holding a claim against a defaulting bank, but under such circumstances he would always be paid in certificates of an indefinite nature and uncertain value.

In the light of all experience, any man who professes to have discovered a plan whereby under all circumstances depositors will be paid in cash upon demand is either a lunatic or an unscrupulous knave. For ages, the financiers of the world have devoted themselves to the solution of that problem, and it is still unsolved. In the great centers of wealth and business, and at the very fountain of the golden streams of wealth, it is found necessary when panic comes for the strongest financial institutions to suspend payment or to limit payments until the madness of panic ceases and dethroned reason resumes its sway. What folly then for men who never in all their lives grasped one of the smallest wheels of the complex machinery which speeds on and on the mighty cargoes representing the aggregate of human toil and achievement to assert that out of their ignorance and inexperience has come a revelation crested with the halo of infinite wisdom, and if congresses and legislatures will but crown them with autocratic power, the day of panic is at end and dollars will rain upon clamoring multitudes as manna fell upon the plains of Canaan.

ORIGIN OF PANICS.

Let us hear what the Comptroller of the Currency had to say about the causes of the panic of 1907.

"On October 26th the New York clearing house banks decided to issue clearing house certificates for use in the payment of balances and to limit if not suspend the shipment of currency to out of town banks. In this the New York banks were followed by those of the other central reserve and most of the reserve cities. The result was to at once precipitate a most serious bank crisis and a famine of currency for pay rolls and other necessary cash transactions. All domestic exchanges were at once thrown into disorder and the means of remittance and collection were almost entirely suspended. The conditions which led to the panic of October and November, 1907, were not due to the failure of a few individual banks. They were not due to a lack of confidence of the people in the banks, but more to the lack of confidence of the banks in themselves and their reserves. Banks have been fearful that the reserve system would break down, and in consequence it has broken down, and the reserve deposits have only been partially available. They were also fearful that not sufficient money could be supplied to meet the demand, and as they all made the demand at once there has not been sufficient money. The result has been a money famine."

The conditions which accentuated the panic of 1907 were thus told in graphic story by Mr. T. C. Daniel, of Virginia, a globe trotter, who testified before the Committee on Banking and Currency of the House of Representatives in January, 1908:

"This panic has given the financial rigors to all the bankers. They realize that with only $2,876,368,696 in the currency system of this country, and only $1,679,853,760 in actual circulation they had to take care of over $13,099,635,348 owed to their depositors, and at the same time provide the money necessary to carry on $25,000,000,000 worth of internal commerce. It is safe to say that if the country had not been in a prosperous condition and the American people in a pleasant frame of mind, half the banking institutions in the country would have been closed or in bankruptcy, caused by an angry, outraged people demanding their money. Let this occur again under different conditions and a general panic seize the people; it will spread like wildfire through those having on deposit $13,099,635,348 in the banking and saving corporations of the country, and if one-fifth of them get their money it will exhaust every dollar in the whole currency system of the United States, or one-twelfth will take every dollar in actual circulation."

Mr. A. N. Jordan who appeared before the Committee on Banking and Currency at the request of Mr. Williams, of Mississippi, the Democratic leader in the House, thus summed up the causes of this latest panic:

"In the panic of 1907 people were attempting an impossibility in trying to convert the credits of this country into cash. The only recourse of the banks in affected centers was to suspend payments, as their loans could not be liquidated—just as in 1857. It was necessary for the mutual protection of all concerned."

I have quoted at length these expert opinions to show the utter futility of the Cureton bill as a means of producing ready money in a time of panic. It would be as childish to attempt to dash back Niagara Falls with a dewdrop as to seek to allay the clamors of surging multitudes during such a crisis, by feeding out the resources of solvent banks to the creditors of insolvent banks. No sane banker whose wits were about him would heed the call, though it were re-

enforced by all the military power of the State.

A PRODUCER OF PANIC.

Can any intelligent and reasoning mind fail to perceive that under the conditions stated by the Comptroller of the Currency and by Mr. Daniel and by Mr. Jordan, conditions that existed only a year and a half ago, the Cureton bill given full force and effect in Texas would have precipitated a general run on the banks of this State, including not only incorporated State banks, but National and private banks?

A recent official statement shows the resources of State and National banks of Texas to have been at the time as follows:

National Banks.—Deposits, $138,657,492; loans, $92,958,481; actual cash on hand, $17,380,666. Percentage of actual cash in bank to deposits, 12 per cent.

State Banks.—Deposits, $22,570,622; loans, $13,859,267; actual cash on hand, $3,416,934. Percentage of actual cash on hand to deposits, 14 per cent.

Let us suppose that the Cureton plan will be adopted, and that all the State banks will be brought into involuntary copartnership. A citizen of Austin has one thousand dollars ($1000) on deposit. There is say $140 in the bank to represent that deposit. When he put the money in the bank his confidence in its resources was strengthened by his acquaintance with the managers of the bank, the men behind the financial guns. He knew them to be men of prudence and integrity. But since he deposited that $1000 the State has stepped in and through the exercise of arbitrary and autocratic power has said to the bank and to its depositors: "The money here is subject to my command to pay the depositors in other banks which, because they are not as prudently managed as this, may have to close their doors." A panic comes, and the owner of that $1000 begins to feel uneasy. He has not lost confidence in his own bank or in its managers, but he begins to be haunted by that mysterious and quaking fear which an unknown and unplaceable danger always yields. A financial conflagration may break out at any moment a thousand miles away, or at an hundred places, and he will never realize the danger until it has consumed his little competence. He is as a man standing in the shadow of Mt. Pelee, with the sun shining on one side, liquid death raining down on the other, and the breezes shifting with every stroke of the clock. A bank fails in El Paso, and a call is made for a part of his $140 in the Austin bank to satisfy the depositors of the El Paso bank. He grows faint at heart. The next day a bank failure in Texarkana makes another demand upon the remainder of his $140. He struggles with set teeth to overcome a growing fear. A third failure is reported from Brownsville, and a third call is made upon his little cash pittance in the bank. He has seen his $1000 diminish rapidly from $140 to $100. What will he do? What would any man do but grab his hat and rush for the bank to assist in his own undoing by helping to produce a run on his own bank?

These are the dragon's teeth we are asked to sow in Texas today. I refuse to join in the sowing.

The desperate politicians who would barter the welfare, the prosperity and the happiness of millions of people of this State to gain the offices to which they aspire, surely have not measured the full extent of the disaster toward which they are pushing forward so recklessly.

THE OKLAHOMA FORM OF GUARANTY.

The Oklahoma situation to which they point for precedents should give them pause. There, between thirty and forty millions of dollars of deposits are said facetiously to be "guaranteed" by the State. What is the guaranty and what is it worth? Under this magical plan which is conjured up through the use of some Aladdin's lamp, these millions of deposits are "guaranteed" by a little more than $200,000 and that not in cash but in promises to pay. The irony of the situation is that if there should ever be five successive and quick demands upon the so-called fund of $200,000, evidenced by nothing more valuable than book entries, the whole fund and the whole scheme would probably go up in smoke and the "guaranty" of a sovereign State, tendered to lull depositors into a false sense of security, would turn to ashes on the lips of thousands of depositors, many of them wage-earners, who would then discover that they had been swindled by an improper use of the name and prestige of the State.

AS APPLIED IN TEXAS.

Let us apply the Cureton scheme to the conditions now existing in Texas, and see how it would work in actual practice.

According to the statistics I have already quoted, there were $22,570,022 deposits in the State banks of Texas when they were compiled. This amount has probably increased to something like $25,000,000.

The Cureton plan contemplates that a bank credit fund of $500,000 shall be charged against the State banks in the beginning. This is to be reached by an assessment of one per cent on their average deposits in the case of banks which have been in operation more than one year, and by an assessment of 3 per cent levied upon the capital stock and surplus if the bank has been running less than one year. These assessments are subject to increase to secure the desired amount of book credits amounting to $500,000, but after the first year the lid is to be put on and the maximum assessment permissible in any one year is to be 2½ per cent of the average daily deposits for the year.

It will be observed that during the first year of its operation the banks under the Cureton plan would be subject to call in the maximum sum of $500,000 to pay depositors in suspended banks, and that on the basis of the present deposits, the annual increment to this paper fund, if no disaster should come, would be about $312,500.

One State bank in Texas has over five million dollars in deposits. If it should close its doors, the Cureton scheme would instantly go into bankruptcy, because it could not be put upon its feet again within five years if the remaining banks should continue to contribute and no disaster should occur during the period. Illustrations may be multiplied to show its utter worthlessness as a real guaranty of deposits. The suspension of three banks of any size in the sisterhood of State banks would bankrupt the scheme, disgust depositors, produce a panicky feeling everywhere, and cast a flood of obloquy upon the State which had permitted its name to be used to dupe and deceive depositors.

A REAL GUARANTY.

As against this vagary of socialism, the solid and valuable guaranty proposed by the Senter-Hume measure stands out in marked contrast.

The Cureton bill would for the first year put $500,000 in paper credits and not a dollar in actual cash behind $25,000,000 in deposits. It would not alter the condition of a single bank. It would add nothing to the strength of the banks either singly or collectively.

The Senter-Hume bill, in addition to all of the present assets of the State banks, at a single leap would add over $20,000,000 in real and approved security, outside of their own assets, to the resources available for the protection of their depositors. It would make every deposit certificate issued by any State bank of Texas as good as a bank of England note. It is true, it would wipe out the wild-catters, and the bank swindlers, wherever they may be, but it would give the depositor that full assurance of safety which can come only through the knowledge that the guaranty offered represents actual values and not paper credits or resolutory statutes.

A FEAST FOR VISIONARIES.

The Cureton bill assumes that the people are all fools, that what they want is not actual security, but merely a statutory declaration that they are secured. It is a modern version of the Barmecide's feast, as recorded in the Arabian Nights. The depositor asks to see the assets Mr. Love would place behind bank's deposits. The suave commissioner replies: "My dear sir, what you want is not security but confidence; be calm and confident. Whenever trouble comes I will get your money."

The day of trouble comes—for in the fullness of time such days always come—and the anxious depositor appears before the Banking Commissioner with a tale of a suspended bank upon his lips. What is he to get? Money? No. A certificate which will read something like this: "I, T. B. Love, the honorable Banking Commissioner of the State of Texas, hereby certify that John Jones had one thousand dollars in the bank of Good Hope when it suspended, and that I promise to pay said amount over to him whenever I can get my hands upon it, less cost of State supervision and control and incidental expenses."

The people of Texas have asked for a real guaranty law, for a law that will give them bread, and the Governor and his Banking Commissioner tender them a stone.

THE WAY OF THE BANK BOOMER.

But the Governor in his earnest solicitude for depositors will have no shams or frauds. He says: "The depositors have asked for a bank guaranty law—not a bond law with only the right to bring a suit. Such a plan as is proposed is, I believe, a sham and a fraud that would liquidate every State bank in Texas." I have been trying to imag-

ine one reason why a State bank would go into liquidation because it was required to give security for the payment of its own debts—a guaranty that it will perform an obligation already imposed upon it by law and conscience, but would respond with alacrity to the Governor's call for it to continue in business under a law which sought to impose upon it $25,000,000 of indebtedness of other banks, in addition to the amounts owing to its own depositors. The only explanation of this phenomena that I can reach upon logical lines relates to the case of a banker who has no intention of finally paying either his own debts or anybody else's debts, but desires the prop of a false pretense that he has been underwritten by the law to enable him to cut a wide swath until the day of reckoning comes. I have no hesitation in saying that a banker who would quit the banking business because the law required him to secure his own depositors, but who would stay in it because the law compelled somebody else to secure his depositors, ought to be forced to get out of the business no matter what system of security may finally be adopted.

OTHER COMPARISONS.

As to the litigation which would probably arise, any intelligent lawyer who will examine the two bills in a spirit of fairness to both must concede that the Cureton bill would produce ten lawsuits where the Senter-Hume bill would produce one lawsuit. I do not mean to assert that litigation can not and will not arise under the operation of the Senate bill. I do mean to say that the system it proposes is so safeguarded in every feature as to reduce litigation to the minimum; that in ordinary cases and in most cases it will produce full repayment of depositors within a brief time after a bank shall be suspended and that the Cureton bill gives no assurance whatever of repayment in a reasonable time. It offers paper credits for security and statistics in lieu of cash.

The Governor says that a proposal that each bank shall furnish its own guaranty is a sham and a fraud. In the same breath, he speaks for a plan that holds out to the public the pretense of creating a fund that is not to be created; that purports to furnish cash security to the depositors and conceals its hypocrisy behind book entries which represent nothing but paper assets; that provides vast and cumbersome machinery and many soft and profitable jobs without adding a single prop to the structural strength of any bank or furnishing a single reason to any depositor why he should feel more secure than he does now. The intricate provisions of the Cureton scheme, cleverly put together as they are, can not conceal the fact that the "fund" which it describes is to be a legalized joke, existing only to salve the imagination of the ignorant and to feed the expectancy of the overcredulous. If there were any sincerity whatever behind this scheme, it would cast off all of the magniloquent pretense which shines out through its forty-two sections, and merely provide that whenever a State bank shall fail all other State banks shall be assessed ratably to make up the sum necessary to pay off its depositors. If there be any principle underlying the measure, that is its Alpha and Omega. Why this cumbersome machinery, this army of uniformed officials, this unending display of red tape; this bowing and scraping, this kow-towing by the entire business and banking world to the Banking Commissioner and his over-lord, the Governor, merely to reach in the end nothing more than an assessment upon all the banks to pay the debts of a suspended bank? Can it be true that this excessive array of official pomp and this extraordinary vestitude of despotic power are deemed necessary to conceal the true purpose of the bill, to cover up the unpleasant fact that it does nothing more and nothing less than rob Peter to pay Paul? That result does not harmonize with any system of morals or any code of ethics which is now recognized in decent society, and therefore let us hope that the Governor regards this as but an unhappy incident to his plan; that he foresees in the great reformatory movement in both politics and religion that will come when he and his adjutants are unchallenged autocrats in all the realms of business, of finance and of politics, a blazing beneficence which will envelop and swallow in a halo of glory all of the cloud which may have followed the beginning of that great reform.

TO CREATE A BANKING AUTOCRAT.

I have not attempted to analyze the Cureton measure and I shall not do so now, because it is beyond logical analysis. No man has ventured to present its material features to the public and to defend them, and no man who has any regard for his reputation will do so. When it was before the Senate during the First Called Session, I directed at-

tention here to some of its obnoxious and undemocratic provisions and called upon some man to stand up for them, and no Senator spoke in support of the bill. It is one of the mysteries of this Legislature that a measure which bears upon its face the indelible imprint, the scarlet letter, of foulest heresy as to politics, of rank dishonesty as to morals, and of perilous recklessness as to business, should have crawled through the Capitol twice without some faithful Democratic watchman seizing and strangling it until all life should have been extinct.

The enormous detail of this measure could not be explained in a volume as large as the Revised Statutes, because if it were put in operation each attempt at explanation would require a supplemental explanation based upon some new ruling or decision or judgment or decree of the financial autocrat who would be installed in Texas under the name of the Banking Commissioner. His powers under this bill have no parallel in the annals of America since the Declaration of Independence was made. The royal commissioners and governors who came over from England robed in the satinets and wearing the insignia of the crown asserted such authority, and then fled before the honest indignation of the forerunners of the revolution. Without attempting to tell all that this bill would do, let me sum up some of the things it would do.

It would vest in the Banking Commissioner the power to authorize existing banks to continue in business, or to close them up, arbitrarily, at his peculiar pleasure and election.

It professes in terms to vest the supervision and control of the individual morals and personal conduct of all bank officials and directors in the Banking Commissioner, with authority to close up without judicial process any bank whose officials are not satisfactory to him for any reason, or for no reason which he may choose to disclose.

It confers upon the Banking Commissioner unlimited power of blackmail, and provides the penalty of decapitation for any bank or any official that may offer resistance.

It gives the Banking Commissioner unrestrained power to build up or to tear down any private business or interest in Texas which may be dependent upon any State bank for its credits.

It vests in the Banking Commissioner general control over the private business of every community in the State, in so far as that community may be dependent upon State banks for the financial machinery which drives the wheels of commerce.

Having ascertained this much, it is not difficult to discern the motive of this remarkable measure, or to foresee the political and financial results which would follow its adoption. It is branded all over with the discredited trademark of Missouri exploitation—a trademark that vies in ill repute with the turkey-footed brand of the worst bosses in the worst boss-ridden city in the land.

WHAT IT PORTENDS.

To adopt this measure would be to signal to every prudently managed State bank in Texas to disincorporate and clear the field for action by the wildcatters, the promoters and the jobbers of all kinds of discredited schemes and wares.

To adopt this measure would be to throw out a dragnet to hook disaster, to entangle business and to confuse progress.

To adopt this measure would, as the least of its inevitable evils, unsettle business conditions, produce general anxiety and unrest, check development, divert investments to other States, and lay an embargo on progress in Texas for years to come. If it should operate as I believe it would, at the first flush of depression it would precipitate a general panic and close up hundreds of small banking institutions throughout the State, compel general liquidation, put a brake on the wheels of industry, throw labor out of employment, and bring upon us the long train of evils which follow in the wake of panics and their resultant periods of liquidation.

NO EXPERIENCE TO COMMEND IT.

No State ever laid securely the foundation of general prosperity which did not consult and profit by the experience of other States. There is no history which attests the wisdom of the Cureton measure. Oklahoma adopted the plan but a short time ago, and has been in a condition of financial unrest and upheaval since. The careful observer of events in that State will find no sound reason there why Texas should rush into its wake without awaiting full developments. Its law is challenged on constitutional grounds, and a case is now pending in the Supreme Court of the United States which may, and I believe will, result in the complete overthrow of the system. The transitory expansion which attends the usual boom in a new State has aided to cover up the normal

effects of a banking and business revolution, but signs are not wanting that the situation is far from satisfactory. The law first provided for unlimited assessment upon the banks. The Legislature recently changed this so as to limit the calls in any one year to 2 per cent of the average deposits. Why was it deemed necessary to put on the lid unless there was serious apprehension that the lid might be needed to protect solvent banks?

Nebraska has just embarked on this experiment and can offer no experience as to its effects. In Arkansas the Legislature recently enacted a law making the stockholders in a State bank responsible for its debts in proportion to their stock holdings. This it will be noted, adheres to the Democratic policy of holding each concern for its own liabilities.

The public interest would not be imperiled by deferring the adoption of the Oklahoma system, though it were already determined upon. The lessons of experience are costly. If we may acquire them without hazard and without investment by waiting, why should we hasten to take desperate chances?

For myself, I shall be as much opposed next year and the next to the Oklahoma plan as I am now, because I believe it to be vicious in principle as well as dangerous in practice, but if I were convinced of error in this respect, I should adhere to the idea that it is wise to wait upon the results in practice of this revolutionary scheme before putting the general welfare of Texas at hazard on a mere chance that it will work satisfactorily.

TESTED BY THE CONSTITUTION.

In the easy going politics of today it invites ridicule to offer a constitutional objection to any measure, but to those who cherish the old-fashioned notion that both the State and Federal Constitutions should be faithfully tracked in the making of laws, the suggestion that the Cureton bill is plainly violative of the letter and the spirit of both will arrest attention.

The peculiar theory of a republican form of government as contrasted with one which recognizes class distinction is that in its view the government exists solely to perform governmental functions. A republican government is prohibited by law from conferring estates upon any man or set of men. This principle was guarded with more solicitude by the founders of the American system than any other pillar which was placed beneath it. Time and again the Supreme Court of the United States has thrown the shield of its great authority around it, and has brought back to the fold an erring State which yielded to the importunities of political and financial adventurers and would have builded up a favored class or interest through the abuse of the taxing power.

It is the general rule that the Legislature of a State may pass any law which is not inhibited by the State Constitution. Texas furnishes one of the few exceptions to this rule with respect to the levy of burdens upon the people. Section 48, Article 3, of the Constitution thus restricts the authority of the Legislature:

"The Legislature shall not have the right to levy taxes or impose burdens upon the people except to raise revenue sufficient for the economical administration of the government."

Then follows an enumeration of governmental purposes, rigidly confined to the machinery of the State. This language is plain and mandatory. The Legislature shall not. It must not lay command for tribute except for its own uses. No one will contend that the assessments that are chargeable against the banks under the Cureton bill are made for a governmental purpose. The money to be raised is not required for any department of the State, but to pay private debts. The framers of the Constitution evidently had in mind the thought that there would be many attempts to evade this salutary prohibition, and to re-enforce it they repeated its substance over and over again. I quote some of them:

Section 50, Article 3: "The Legislature shall have no power to give or to lend, or to authorize the giving or the lending, of the credit of the State in aid of, or to any person, association or corporation, whether municipal or other; or to pledge the credit of the State, in any manner whatsoever, for the payment of the liabilities, present or prospective, of any individual, association of individuals, municipal or other corporation whatsoever."

Section 51, Article 3: "The Legislature shall have no power to make any grant, or authorize the making of any grant of public money to any individual, association of individuals, municipal, or other corporation whatsoever."

Section 52, Article 3: "The Legislature shall have no power to authorize any county, city, town, or other political corporation or subdivision of the State to lend its credit or to grant public

money or thing of value in aid of or to any individual, association or corporation whatsoever."

These mandatory provisions of the Constitution make plain the stern determination of its framers to prevent any meddling by the State, directly or indirectly, in private business.

The capstone of individual rights is found in the Bill of Rights:

Section 17: "No person's property shall be taken * * * without adequate compensation being made."

The taxing power is further limited by these provisions of the Constitution:

Section 3, Article 3: "Taxes shall be levied and collected by general laws and for public purposes."

Section 6, Article 16: "No appropriation for private or individual purposes shall be made."

These are all links in the chain which fastens the government of Texas closely to a governmental mission. It is not its business to act as guardian for any man unless his condition is such as to bring him under eleemosynary jurisdiction. It has no right to pursue any man in behalf of any other man. Its courts are open to all. It can create no debt except for a public purpose, and it is without power to assume the payment of a private debt. These are manifest truths which are spoken in every mandate of the Constitution relating to the contracting of public debt or to the expenditure of public money.

The proposal to build up a vast and expensive department of state not merely to supervise the business of banking, but to provide resources for the payment of depositors is so clearly violative of the Constitution that it is strange any lawyer would approve it. If it be contended that the assessment to be laid upon the bank is not a tax, then pray show us the authority for the taking by the State of a single cent from any person or interest except as a tax. If it be argued that the State has the power to write any condition it may please into the contract or charter creating a banking corporation, the reply is that it can make no condition which is violative of constitutional law, nor can it bind either itself or the stockholders of a corporation by an ultra vires contract, even though it may be statutory in form.

THE WOOF AND WARP OF SOCIALISM.

Whenever it becomes necessary to defend the principle of private right in property in the Legislature of the leading Democratic State in the Union against the onslaught of demagoguery and graft it is high time to speak plainly and to speak to the point. If there is any constitutional authority for this bill it must come from some warrant which would authorize the Legislature to decree by statute that each incorporated mercantile company in this State shall become responsible for the debts of all other mercantile corporations; that each incorporated manufacturing concern shall assume the debts of all other manufacturing concerns; that each railroad company shall assume the debts of all railroad companies. The terms of the Constitution conferring general control over all private corporations upon the Legislature do not differ in any material respect from the provisions of the amendment to the Constitution providing for State banks in regard to the nature and degree of authority to be exercised. The power is the same. I quote Section 2, Article 12, of the Constitution:

"General laws shall be enacted providing for the creation of private corporations and shall therein provide fully for the adequate protection of the public and of the individual stockholders."

The legislative power as to banks is to enact laws that will "adequately protect and secure the depositors and creditors thereof." As to other private corporations the Legislature is required to provide fully for "the adequate protection of the public and of the individual stockholders." How is the public to be protected? What interest has it in corporations, to be protected except the payments of debts due by them? It must be plain to any intelligent mind that the Legislature has the same power, no greater and no less, over all corporations, in respect to the enforcement of a rule for security for debts that it has over banking corporations. Most of those who talk flippantly about this measure and would rush it through upon the wings of political craft, do not dream of the perils they are invoking, of the evils that are concealed within this Pandora's Box. The principle for which it stands is the bandit's plea for plunder; the appetite which it would feed is the unquenchable desire for official graft. It is said that public sentiment in this State demands it. I deny the assertion. It is a grave reflection upon the intelligence and virtue of the people of Texas. They are not ready to embark upon the raging sea of socialism which bears upon the beating waves of its final

vortex nothing but hopeless wrecks. I deny that they would approve by law any scheme looking directly or indirectly to the redivision of property. That theory forms the woof and warp of this measure. When they are ready for this measure, they will not need any law to accomplish the rapacious ends it has in view. Why should the law be resorted to for the purpose of taking one man's property by force and giving it to another? In the nature of things, confiscation should not rest its claims upon law but upon brute force. The barons of ancient days required no legal warrants for the daily and nightly assessments they made upon their neighbors.

When the people of Texas learn the truth about this measure and about the basic theories which underlie it, they will recoil from it with an indignation which will teach the reckless and office-hunting politicians of the future to keep their wicked hands off private property and to respect the voice which thundered from Sinai the command: "Thou shalt not steal."

But if I thought that the people were so steeped in the gospel of socialism and spoilage that they were ready to embrace this measure I would repeat with emphasis what I here assert. May God help this country when public officials are to be found only upon the crest of the passing breeze. If the morals of this measure respond truly to public sentiment in Texas, fully advised as to its principles, then I have no business here. So help me God, I will never stand for a law which will assist any man to commit an act which if done without the law would stamp him as a scoundrel or a robber.

TO MOBILIZE THE BANKS.

In a discussion with one of the distinguished gentlemen whose name is given to this bill, he said to me in substance:

"You do not understand one of the purposes of this measure. It seeks to co-ordinate the banks; to combine them in interest."

This was one phase of the subject I had, indeed, considered but lightly—too lightly. An attempt to mobilize the banks and to weld them together in a community of political, as well as business interest, is a matter of vast importance to the people of this State, and well deserves their full consideration before receiving their approval. This is not the first time in the history of this country a movement of that sort has been afoot, but it is the first time, I believe, any man calling himself a Democrat ever gave encouragement to such a movement. In the days of militant national Democracy there was a banker named Nicholas Biddle, who cherished the dream of a great central bank which was to be the financial heart of the nation, and to which all other banks were to contribute as feeders. It was a vision of co-ordination of banks such as may have flashed upon recent dreams of the authors of the Cureton bill. There also lived in those days a man of rugged mien and blunt speech named Jackson—plain Andrew Jackson. Fear in a personal sense never found a recess in his soul, but brave as he was, he trembled at the thought that the time might come when the chain of banks with a centralized head, such as was planned by Nicholas Biddle, would become masters of the Western World and bring the Republic to their feet. With all of his masterful energy, that great and heroic Democrat fought the Biddle scheme until it yielded to him, and to the Democratic party under his command, a notable victory. Since then the dream of Nicholas Biddle has reappeared from time to time. This is not its first visitation to Texas. About 1890 there came to this State from a central State an old but vigorous man of large wealth who dreamed that he was to become the banking king of Texas, at the head of an extensive chain of banks. He was vigorous in execution as well as boundless in aspiration, and soon he was in a fair way to accomplish his purpose. But panic came—it may have been as to some things a merciful panic—and disease struck deep and vitally, and that dream perished from the earth. And again this vision of Nicholas Biddle reappears—strange spectacle—heralded in the vernacular of Democracy and underwritten by the Governor of a Democratic State. Surely, the bones of old Andrew Jackson must be turning and twisting in their grave at the Hermitage. I would not seek to deprive the authors of this measure of the honors which they have earned by its proposal, but in the interest of historical accuracy, I am forced to say that they were beaten several lengths to this device by Congressman Chas. Fowler, of New Jersey, chairman of the House Committee on Banking, through appointment by Speaker Cannon. Speaking before that committee in support of the Fowler bill, Mr. Chas. A. Conant, of New York, a Federalist in principle, said on February 19, 1908:

"Mr. Fowler's bill providing for bringing the trust companies and national banks into the national banking system tends to give that co-ordination, that cohesion and that correlation which are essential if we are to become a solvent financial nation. And his other provisions which introduce mutuality among the banks by imposing the burden of losses upon the banks of a given group and authorizing examinations in anticipation of bad loans instead of after they are made, all point in the same direction and tend to a cohesion and to symmetry and to unity which can never be found under our existing system. * * * Inevitably the only sound measure is a measure which shall co-ordinate the entire system."

It is not my purpose to discuss here the currency question, although that is the subject the framers of the Cureton bill evidently had principally in mind. They had some sort of notion that they were going to solve the old, old problem of providing the borrower with all the money he wants, and it was the borrower's not the depositor's image who filled their thoughts. The fact of vital import to us is that this is a magnificent scheme of conquest, which is to be not a conquest of the banks, but a conquest by the banks. When five hundred or a thousand banks, or more, shall have been co-ordinated under the Cureton plan, with an astute head at Austin in the office of the Banking Commissioner, where is the organization, political or any other kind, which will be able to stand before them in battle array? Before we mobilize this formidable force would it not be well to consider what is to be the end of the undertaking? I have read a story of mystery that told of a magician who summoned at will the evil spirits domiciled in the outer world which fringes the upper atmosphere. Day after day their ferocity grew, until in a frolicsome riot they murdered their earthly friend. His fate should give us pause. If we shall by force put the fingers of the State into the banking business, we must expect to find the imprint of the bankers' fingers in the State's business. The inexorable law of self-protection will force the bankers to seek to control the banking department, and to that end they would find it necessary to control every other department of State, including the executive office. An unending fight would come between the banks and the people, and there is reasonable ground for fear that the people would lose oftener than they would win. Why should we invite such a controversy, when it presages nothing but evil to the public interest?

A HOROSCOPE.

If this or any other similar measure should ever be adopted in Texas, it lies not in the imagination of man to foresee all of the evil consequences, but some of them may be anticipated with certainty.

Its first result will be to produce a general feeling of anxiety and apprehension in the business circles of this State, which will manifest itself in a practical way in a check upon investments and upon progressive movements of every sort. No revolution of such magnitude as this proposes was ever accomplished without drawing beads of blood from the ranks of industry and commerce and labor everywhere. The most sensitive point of our whole industrial system is at the money exchanges. A clog of ten minutes there sends a thrill of anxiety throughout the country, a clog of thirty minutes begins liquidation. A clog of twelve hours means a panic. Those in the Legislature and out of it who are dealing with this measure as though it were a local hog law, who are voting for it and talking for it without reading and understanding or even asking about its provisions, are playing with fire that unless checked will soon illuminate our prairies and our forests with a conflagration that will exhaust all of our energies for many years to come. It is easy to go forward, but it will not be easy to retrace our steps. One or two timid, hesitating men in this Senate anxious to please some one who wears the emblems of authority, frightened by a petition which was signed, good-naturedly, by somebody who took no trouble to find out what it proposed, at the instance of somebody who did not care what it proposed, and prepared by somebody who proposes to get and to keep office forever if he can deceive the people forever, may play havoc with the dearest interests of the State, and start us on a journey in an unknown sea, for which we have neither chart, nor rudder, nor anchor, nor pilot.

While we cannot anticipate all that this measure would accomplish, some results we may foreknow.

If serious depression comes, such as we had in 1907, this measure would produce a run on banks from one end of the State to the other. When storm and tempest come, the talk of percentages of loss and funds represented by paper cred-

its will sound to a disturbed people as driveling idiocy. They will put this brazen scheme to the test. They will demand their money at the windows of five hundred banks or more, and they will not get it. And then—what then? They will turn to the Banking Commissioner and say: "Redeem the promise of the State." May Providence then preserve him from the popular wrath if he should happen to be in any way responsible for this monumental sham and fraud. He will tender them cartloads of certificates but they will not accept, and they will confront the State with armies of pleading, angry citizens who will say: "You promised us money, not certificates; you promised to give us solvent banks that would never close. You, the State, have lied to us and deceived us." And they would tell the truth. Whenever the State adopts this measure it will write into its statutes a monstrous lie, because it will hold out to the public a promise it can never redeem if actual redemption is demanded upon a scale large enough to test the value of the promise.

On the other side, the picture is even darker than on the financial side.

With a departmental and appointive officer of the State in general charge of the banking interests and capital and deposits of the country, an era will be inaugurated which will recall the palmy days of Tweed, and which will cause the achievements of municipal boodlers to pale into insignificance.

Can any intelligent mind fail to understand what this would mean? The time has come to talk plainly, because the welfare of more than three millions of people—soon to increase to five millions—is vitally at stake.

It would mean that the establishment of any important business at any point in the State would soon require a journey to Austin and a conference with the Governor and the Banking Commissioner, and we would have the strange spectacle of communities and private concerns from one end of the State to the other sending delegations to the State Capitol and appealing to the Executive Department of the government for its gracious permission to transact business. Let no man be deceived. Such power as this cannot be lodged in flesh and blood without yielding the inevitable harvest of a reign of absolutism and an increasing flow of graft. Our office-holders have generally been poor men in the past. But if we make this radical change in our system, they will soon learn the art of growing wealthy on small salaries.

With the mighty power that would be lodged in it through control of the whole industrial system, the political machine at Austin which would result, once organized, would be impregnable. No popular movement would ever be strong enough to dislodge it. Its selfish forces would be too large, its munitions of war too vast, for any organization of disinterested citizens to combat it with success.

I have presented feebly some of the reasons why I believe this to be the most dangerous measure ever offered in the Legislature of a Southern State. It is true that a disposition is shown in some quarters to treat with socialism and to dally with confiscation. These are signs of danger which should admonish us to be on our guard. A bishop of the Northern branch of the Methodist Church once said that when the great crisis which would test the solvency of the American system of government should come the salvation of our institutions would depend upon the farmers of the South. If they ever forget conservatism and forsake prudence in such an hour of trial, there is no power in earth or Heaven which can save the Republic. The danger may be nearer than we think. Evil never sends out scouts to give warning of its approach.

When Paul stood before Agrippa, charged with offense against the Jewish law, he proudly replied that he was being judged "for the hope of the promise made of God unto our fathers." A Pharisee of the Pharisees, he pleaded the best hope of the ancient faith—the resurrection of the dead.

At all times and in all places Democracy has proclaimed one gospel which has voiced the best hope of all the millions who have lived and who are yet to live: the hope which stands for the only freedom which makes men truly free—the right to live without abiding under the shadow of governmental despotism, and to die without taking an enforced passage on some chartered ship to the havens of the blest. For that hope we now are judged.

HOW THE FARMERS UNION HAS BEEN TRICKED.

It is unfortunate that the people have not had an opportunity to study and discuss the several measures relating to this subject which have been considered by the Legislature. A matter of such importance should be thoroughly under-

stood, not only by the members of the Legislature, but by the people at large, before a final vote shall be taken.

The assertion has been made that the Farmers Union is behind the Cureton bill, and petitions have been exhibited here from members of the Union purporting to endorse it. I assert without fear of successful contradiction that there is not a branch of the Farmers Union in this State which has, with a clear understanding of its provisions, given it approval or can be brought to endorse it. The official despotism which this measure would establish and the system of official graft which it would promote are more odious to the farmers than to any other class of men. The native freedom of the corn field and the cotton patch can never be harmonized with a system which would create a financial overlord for the entire State, clothed with more arbitrary power than is lodged with any servant of the Czar except one of his metropolitan chiefs of police.

The frequent use of the name of the Farmers Union to coerce the passage of this measure invites the recital of a chapter from recent history which will prove of more than passing interest. In the fall of 1907, Mr. Neill, then and now president of the Texas Branch of the Union, from time to time issued public addresses to the farmers of Texas advising them to hold their cotton for 15 cents. Many of them acted upon this advice. Cotton went not up but down, and general discussion ensued as to the cause of that decline. Mr. Neill and his advisors contended that one of the causes of the fall of cotton was the failure of Texas banks to furnish money to the farmers to enable them to hold their cotton. It is not necessary here to enquire as to the influences which affected the cotton market. The fact of interest here is that Mr. Neill and his associates adopted the theory that the failure of Texas banks to advance money on cotton was a potential factor in the decline. I confess that I was unable to comprehend why any one connected with the Farmers Union should take any special interest in the Cureton bill until I made the discovery of a most astounding provision in that bill. It is labeled in lengthy phrase a bill for the protection of depositors and to increase the safeguards to be thrown around the banks. Not until the bill had passed the House, and several days after it had been projected upon the Senate, did I discover that its most significant section had nothing to do with security for deposits, but contained a provision to abolish all safeguards touching loans to be made upon cotton stored in warehouses.

The national bank law provides that a bank may loan not exceeding 10 per cent of its capital and surplus to one concern. The State law provides that it may loan 25 per cent of its capital and surplus to one concern. The Cureton bill proposes to amend the State law on this subject, and in order that I may not be charged with the slightest injustice to its provisions, I quote the material features of this proposed amendment:

"Section 32. Section 53 of Chapter 10 of the General Laws of the First Called Session of the Twenty-ninth Legislature of the State of Texas is hereby amended so as to hereafter read as follows:

"Section 53. No incorporated bank nor trust company, organized under this act shall loan its money to any individual, corporation or company, directly or indirectly, or permit any individual, corporation or company to become at any time indebted or liable to it in a sum exceeding 25 per cent of its capital stock or permit a line of loans or credits to any greater amount to any individual, corporation or company. A permanent surplus, the setting apart of which shall have been certified to by the Commissioner of Insurance and Banking, may be taken and considered as a part of the capital stock for the purpose of this section; provided, such surplus is in amount not less than 50 per cent of the capital stock of said bank, provided, that the provisions of this section shall not be construed as in anywise to interfere with the rules and regulations of any clearing association in this State in reference to the daily balances between banks, and that this section shall not apply to balances due from correspondents subject to draft, and that the discounting of the following classes of paper shall not be included in the limitation placed upon loans or credits by this section, viz.:

"1. The discount of bills of exchange drawn in good faith against actual existing values.

"2. The discount of paper upon the collateral security of warehouse receipts, or other written instruments conveying a lien with the right to take immediate possession covering agricultural and manufactured products in store in elevators and warehouses, or conveniently deposited elsewhere under the following conditions:

"(a) That the actual market value of the property held in store and covered by such receipts, if other than cotton or cotton seed products, shall at all times exceed by at least 25 per cent the amount loaned upon the same, and if it be cotton or cotton seed products it shall at least equal 90 per cent of the amount loaned upon the same."

This remarkable provision would make available all of the resources of any State bank to lend upon cotton in warehouses at the ratio of 110 per cent (90 per cent was intended) of its market value to a single concern. No cotton plunger ever dared to take such a leap as this. No banker would ever make such a loan unless he should do it in anticipation of failure.

Clearly this section was not inserted in the bill for the benefit of the depositors, but ostensibly for the benefit of borrowers. Who put it there, and why was it put there? Can the Governor tell us? Two of the most conspicuous advocates of the bill served on the Free Conference Committee to which it was referred during the closing days of the First Called Session of the Legislature. They are named on the frontispiece as authors of the bill. When they were asked by me about the reasons for this section they both disclosed in the Free Conference that they were wholly ignorant of its existence, and as soon as their attention was called to it, they promptly avowed a willingness to cut it out of the bill. But, notwithstanding they declined to endorse it, and were willing to sacrifice it on the spot, it is noteworthy that it now reappears in the bill which lately passed the House and is now pending in the Senate.

A few days ago, I chanced to meet a friend who stands high in the councils of the Farmers' Union, who stated that he had participated in a meeting of his Local Union which had endorsed the Cureton bill. I asked him the grounds of endorsement, and he replied that it was because the representation was made that under the provisions of the bill the farmers would be able to convert instantly at the bank their warehouse certificates for cotton into loans of cash at the ratio of 90 per cent of the market value of the cotton.

This, then, is the leverage which has been used to trick the farmers into seeming endorsement of this measure. When they learn how shamelessly they have been duped, what will they have to say? What will be their final judgment upon a sham and a fraud which promises them loans upon cotton that will never materialize, and were never expected to materialize? What will be their final opinion of the politicians who have contributed to entrap them into giving the color of their endorsement to a mammoth fraud through the use of such a scurvy trick?

The attempt to deceive the farmers is not limited, it seems, to representations concerning large loans to be made on cotton. The proceedings of the Bowie County Farmers' Union in session at New Boston on April 10, are instructive. The following resolutions were adopted:

"Whereas, There is a bill pending before the Legislature known as House bill No. 1, for the guaranteeing of deposits in the Texas banks, known as the Cureton bill;

"Whereas, We believe it is just and right that the banks insure deposits as the United States Government, the State and county require all banks to insure their deposits; therefore, be it

"Resolved, That we, the members of the Bowie County Union, do honorably petition for our State Senators and Representatives to vote for said bill.

"Resolved further, That the Bowie County Union do appreciate the honest, faithful and conscientious efforts of Governor T. M. Campbell in trying to have the above bank guarantee bill enacted into a law, as we firmly believe it will be of inestimable advantage to those who produce something to sell."

Who told those farmers that the Cureton bill would provide the same kind of security for their deposits that is now given for the deposits of the State and county? The Senter-Hume bill does that, but the Cureton bill, alas! It furnishes no security, it provides no fund; it relies solely on confidence and paper entries. What would those Bowie county farmers have said if they had known the truth? They were in earnest, and they knew what they wanted. They know security when they see it. They demanded security as good as the best—the security that is required for the deposits of the State, the county and the municipality. They are right about it. All thinking persons who give any thought to the subject cannot fail to reach the same conclusion. Security that spells dollars, real dollars, in the hour of trouble, is the only guaranty that counts with practical men.

In the light of these revelations, the question is pertinent: Who was the author of this scheme to bamboozle and trick the farmers? Can the Governor

tell us? If he is wholly in the dark, possibly his banking commissioner can throw some light on the subject.

Conclusive evidence that the support given by certain officials of the Farmers' Union to the Cureton bill was induced by the provisions for excessive loans on cotton which I have quoted is furnished by the following letter:

"Farmers' Educational and Co-operative Union of Texas.

"Ft. Worth, Texas, March 23, '09.

"Hon. E. G. Senter, Austin, Texas.

"Dear Sir: You have heard the testimony of the bankers who said they saw the panic of 1907 coming for more than two years; yet they made no effort whatever to inform the people or to prepare the people for the coming storm. They deliberately shipped their money to New York in the face of the fact that they saw a financial storm brewing. They shipped their money to New York then deliberately locked up the people's money and refused to pay checks upon demand. They deliberately tied up the people's money; they deliberately destroyed markets for the time being, and had it not been for the organization of the people the country would have been plunged into bankruptcy.

"The farmers of Texas want the Cureton bank law as it is without amendment. It will give protection to the depositor and yield protection to the country.

"They appeal to you to pass this bill and the great common people of Texas will rise up and call you blessed.

"D. J. NEILL, President,
"C. SMITH, Sec'y-Treas.,
"JOE E. EDMONSON,
"Gen. Org. and Lec."

This letter candidly declares the object of the writers in endorsing the Cureton bill. It states no interest in the question of security for deposits, but contends for larger loans to applicants for money. In this view, the bill is shown to be not a measure in behalf of depositors, but to compel the banks to lend money against their will and in amounts and under circumstances that would inevitably produce bankruptcy. In a statement recently given to the press, Mr. Neill said: "One provision (of the Cureton bill) which is peculiarly desired by the farming interests is that it increases the percentage of the value that may be loaned on cotton and cotton seed products from 75 per cent to 90 per cent."

I remit to every thinking man the duty of determining what judgment should be rendered against the politicians who contrived this artful scheme. Mr. Neill and his associates have been entirely candid, but what irony veils the language of the proponents of this measure when they accuse others of supporting a sham and a fraud.

That there may be no mistake about this matter, I reduce the substance of these statements to a direct charge.

I charge that the section providing for excessive loans on cotton was written in the Cureton bill by the Banking Commissioner, Mr. Love, to trick the Farmers' Union into giving it support; that he has been active in securing petitions from members of the Union based upon this provision of the bill, that it was written in the bill some time after he had called a conference of bankers at Austin to hear his original bill, and that the original draft of the bill contained no hint of this extraordinary proposal. I further charge that there has never been any expectation of holding this section in the bill, that it was a cunning scheme of the Banking Commissioner to capture the support of the officials of the Farmers' Union and to trick the farmers into the signature of petitions for the passage of the bill without amendments.

I challenge the Governor and his Banking Commissioner to deny these statements and to invite publicity touching the facts upon which they are based.

I also challenge them to say publicly whether they approve or disapprove this provision of the bill.

SCHEMING FOR AN EASY FALL.

During the closing hours of the First Called Session of the Legislature, the proponents of the Cureton bill tendered a hybrid measue which masqueraded as a compromise. It was an artfully conceived scheme to win by strategy what had been lost in open contest. If it is just and wise to force by law a general co-partnership of the banks it should be done with the emergency clause and not on the installment plan.

The Oklahoma idea is to create a fund on paper for the payment of depositors, and to collect money as needed to pay depositors with claims against a suspended bank by assessments upon the banks which remain open.

The plan which has been approved by

the Senate is to require each bank to furnish its own guaranty, and to enforce an abundant guaranty. It would be as impossible to mix permanently oil and water as to bring these two methods into a consistent system. They are antagonistic in principle, and at right angles with each other at every point.

There can be no compromise between Democracy and Socialism, no alliance or peace between the advocates of confiscation and the defenders of the right of private title to property. Whether the proposal to take from one concern to pay the debts of another be mandatory or cloaked in the velvety deceit of a voluntary plan, it is steeped to the brim with socialism and permits of no dalliance from a Democratic standpoint.

The shrewd politicians who attempted to railroad through the First Called Session of the Legislature this socialistic scheme without giving the public a chance to understand it are even now adroitly seeking to accomplish by strategy the ends which were defeated in the first struggle through the courageous attitude of seventeen members of the Senate. They are now whispering siren words of compromise in the hope of securing some sort of seeming approval here for their discredited project, and that it will thereby escape the critical analysis of public discussion.

These gentlemen talk glibly of public sentiment, but they do not dare to invoke its direct action. They prate about the sufficiency of the guaranty which they offer, but they do not dare to invite the rays of the calcium of the public eye upon the mass of odious and undemocratic detail which they have patched together in a crazy-quilt of forty-two sections under the label of a bill for the protection of depositors. The Governor asserts that "the issue here is understood by the people," but he does not dare to go before the people on this issue. On the floor of the Senate about two weeks ago I predicted that every man connected with the authorship of the Cureton bill, and every man in the Legislature who has voted for it, and every man out of the Legislature who has used his influence, officially or otherwise, in its favor, will be pleading either the baby act or an alibi before two years shall have passed, and I now repeat that prediction. However, if I am mistaken about that, I and others who are standing for the maintenance of the fire tested and time honored principles of Democracy, will be glad to join issue upon this question with our opponents before the people. Let the light pour in. Let the people speak. Let fall

"The weapon which comes down as still
As snowflakes fall upon the sod,
And executes a freeman's will
As lightning does the wrath of God;
And from its force nor doors, nor locks
Can shield you—'tis the ballot box."

COMMITTEE REPORT.

(Floor Report.)

Austin, Texas, May 5, 1909.

Hon. A. B. Davidson, President of the Senate.

Sir: Your Committee on Educational Affairs, to whom was referred

House bill No. 75, A bill to be entitled "An Act creating the North Zulch Independent School District in Madison county, Texas; defining its metes and bounds; providing for a board of trustees therefor; vesting it with the rights and duties of districts incorporated for school purposes only under the general laws, and declaring an emergency,"

Have had the same under consideration, and beg leave to report it back to the Senate with the recommendation that it do pass, and be not printed.

Alexander, Chairman; Harper, Veale, Sturgeon, Weinert, Brachfield, Bryan.

EIGHTEENTH DAY.

Senate Chamber,
Austin, Texas,
Thursday, May 6, 1909.

Senate met pursuant to adjournment, Lieutenant Governor A. B. Davidson presiding.

The roll was called, a quorum being present, the following Senators answering to their names:

Adams.	Paulus.
Alexander.	Peeler.
Brachfield.	Perkins.
Bryan.	Real.
Cofer.	Senter.
Greer.	Stokes.
Harper.	Sturgeon.
Hayter.	Terrell of Bowie.
Holsey.	Terrell of McLennan.
Hudspeth.	Thomas.
Hume.	Veale.
Kellie.	Ward.
Masterson.	Watson.
Mayfield.	Weinert.
Meachum.	Willacy.
Murray.	